

Exhibit _ (ING-7A)

Research Update:**SCANA Corp. And Subsidiaries
Downgraded To 'BBB-' After Court
Rejects Company's Request;
CreditWatch Negative Maintained****Primary Credit Analyst:**

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Research Update:

SCANA Corp. And Subsidiaries Downgraded To 'BBB-' After Court Rejects Company's Request; CreditWatch Negative Maintained

Overview

- On Aug. 6, 2018, a federal judge denied South Carolina Electric & Gas Co.'s (SCE&G) request for a preliminary injunction to halt an experimental rate reduction tied to cost recovery of the construction costs of the cancelled V.C. Summer nuclear generation units 2 and 3 project. SCE&G is a subsidiary of SCANA Corp.
- Following a South Carolina General Assembly law requiring the 15% experimental rate reduction, the South Carolina Public Service Commission (PSC) lowered SCE&G's monthly rates roughly \$31 million related to the cancelled construction project.
- The rate reduction is temporary until the PSC rules on SCE&G's permanent rate recovery of the abandoned project.
- After this rate reduction, we expect weaker financial measures and therefore we are lowering our ratings, including our issuer credit ratings to 'BBB-' from 'BBB', on SCANA and its subsidiaries SCE&G and Public Service Co. of North Carolina Inc. (PSNC).
- We are revising our comparable ratings analysis modifiers on SCANA and SCE&G to negative from neutral to reflect less credit supportive financial metrics after the 15% rate reduction.
- We are maintaining the ratings on CreditWatch with negative implications due to uncertainty regarding the PSC's final decision about rate recovery of the V.C. Summer nuclear construction project expected around year-end 2018.

Rating Action

On Aug. 9, 2018, S&P Global Ratings lowered its ratings, including the issuer credit ratings, on SCANA Corp. and its subsidiaries, South Carolina Electric & Gas Co. (SCE&G) and Public Service Co. of North Carolina Inc. (PSNC), by one notch to 'BBB-' from 'BBB'. The ratings remain on CreditWatch, where they were placed with negative implications on Sept. 29, 2017. We lowered the short-term ratings on SCANA, SCE&G, PSNC, and South Carolina Fuel Co. to 'A-3' from 'A-2' and maintained them on CreditWatch negative.

Rationale

The rating actions follow the Aug. 6, 2018, federal court denial of SCE&G's request for a preliminary injunction to halt a temporary 15% rate reduction tied to V.C. Summer cost recovery. On June 28, 2018, the South Carolina General Assembly passed a law requiring the PSC to order SCE&G to lower electric rates associated with the cancelled V.C. Summer nuclear construction project by 15%, equivalent to a roughly \$31 million per month rate reduction at the utility. The bill retroactively reduces rates from April 1, 2018, until the PSC issues a ruling regarding final cost recovery regarding the cancelled construction of the nuclear units.

The downgrade on SCANA and its subsidiaries reflects our expectation of reduced consolidated credit metrics over the next two years, even after incorporating the company's announced cut to its dividend payments. We assess SCANA's financial measures using more relaxed financial benchmarks relative to typical corporate issuers, reflecting the company's mostly utility operations. For 2018, our base-case scenario assumes a \$279 million rate reduction and \$750 million of capital spending. We anticipate a weakening of the consolidated company's credit measures with adjusted funds from operations (FFO) to debt of about 16% in 2018, with a further decline in 2019 to about 12% if the temporary 15% reduction is made permanent. We have thus revised our comparable ratings analysis modifier on the consolidated company to negative from neutral to reflect credit metrics at the lower end of the significant financial risk profile category.

CreditWatch

The CreditWatch with negative implications on SCANA and its subsidiaries reflects our view of ongoing uncertainty regarding cost recovery of the abandoned V.C. Summer nuclear construction project. We could lower ratings again if credit metrics weaken further beyond those in our base-case scenario, which assumes the temporary rate cut is made permanent. This could occur following the pending Summer abandonment proceeding if the PSC orders a permanent rate reduction or rate credits that lead to incrementally weaker financial measures than those resulting from the temporary 15% rate cut. Conversely, we could affirm ratings if the PSC does not require further rate credits or rate reductions beyond the 15% rate reduction already assumed in our base-case scenario.

Ratings Score Snapshot

Issuer Credit Rating: BBB-/Watch Neg/A-3

Business risk: Strong

- Country risk: Very low

- Industry risk: Very low
- Competitive position: Satisfactory

Financial risk: Significant

- Cash flow/Leverage: Significant

Anchor: bbb

Modifiers

- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Fair (no impact)
- Comparable rating analysis: Negative (-1 notch)
- Stand-alone credit profile: bbb-
- Group credit profile: bbb-

Issue Ratings--Subordination Risk Analysis

Capital structure

SCANA's capital structure consists of about \$1.2 billion of unsecured debt issued by SCANA and \$5.8 billion of debt issued by its subsidiaries.

Analytical conclusions

- We rate SCANA's unsecured debt one notch below the issuer credit rating because it ranks behind a significant amount of debt issued by subsidiaries.
- The junior subordinated debt at SCANA is rated two notches below the issuer credit rating to reflect subordination and deferability.
- Secured debt at SCE&G benefits from a first-priority lien on substantially all of the utility's real property owned or subsequently acquired. Collateral provides coverage of more than 1.5x, supporting a recovery rating of '1+' and an issue rating two notches above the issuer credit rating.
- Regarding unsecured debt at the utility subsidiaries, we rate this debt the same as the issuer credit rating because it is the debt of a qualified investment-grade utility.
- Preferred stock at SCE&G is two notches below the issuer credit rating to reflect subordination and deferability.

Related Criteria

- Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria - Corporates - Utilities: Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Insurance - General: Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008

Ratings List

Downgraded; CreditWatch Action

	To	From
SCANA Corp.		
South Carolina Electric & Gas Co.		
Public Service Co. of North Carolina Inc.		
Issuer Credit Rating	BBB-/Watch Neg/A-3	BBB-/Watch Neg/A-2
South Carolina Fuel Co.		
Issuer Credit Rating	--/Watch Neg/A-3	--/Watch Neg/A-2
SCANA Corp.		
Senior Unsecured	BB+/Watch Neg	BBB-/Watch Neg
Junior Subordinated	BB-/Watch Neg	BB+/Watch Neg
Commercial Paper	A-3/Watch Neg	A-2/Watch Neg

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Public Service Co. of North Carolina Inc.

Senior Unsecured	BBB-/Watch Neg	BBB/Watch Neg
Commercial Paper	A-3/Watch Neg	A-2/Watch Neg

South Carolina Electric & Gas Co.

Senior Secured	BBB+/Watch Neg	A-/Watch Neg
Recovery Rating	1+	1+
Preferred Stock	BB/Watch Neg	BB+/Watch Neg
Commercial Paper	A-3/Watch Neg	A-2/Watch Neg

South Carolina Fuel Co.

Commercial Paper	A-3/Watch Neg	A-2/Watch Neg
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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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